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FISCAL IMPACT STATEMENT

LS 6855

BILL NUMBER: SB 399

NOTE PREPARED: Jan 9, 2014

BILL AMENDED:

SUBJECT: Solid Waste Collection Fees.

FIRST AUTHOR: Sen. Stoops

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ GENERAL
☒ DEDICATED
☐ FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires the Environmental Rules Board to adopt rules requiring each county, city, or town that collects solid waste for disposal to charge households for solid waste collection service on a "pay as you throw basis" under which the fee is higher for a larger quantity of solid waste than for a smaller quantity of solid waste. It provides that the fees may be set according to the number of solid waste containers used by a household or the weight of the solid waste collected from the household. The bill also requires that the rules take effect on July 1, 2015.

Effective Date: July 1, 2014.

Explanation of State Expenditures: *Environmental Rules Board:* The bill requires the Environmental Rules Board to adopt rules requiring solid waste collecting units to charge households for solid waste collection on a "pay as you throw" (PAYT) basis. The adoption of rules is within the Department of Environmental Management's routine administrative functions and should be able to be accomplished within the current levels of resources available, assuming near customary agency staffing and resource levels.

Explanation of State Revenues: *State Solid Waste Management Fees:* Requiring PAYT programs to be provided by local units that collect solid waste for disposal would likely result in a decrease in the amount of waste disposed. As a result, there could be a decrease in revenue from the state Solid Waste Management Fee which is imposed at a rate of \$0.50 per ton imposed on the disposal or incineration of solid waste in a final disposal facility.

For FY 2013, about \$5.33 M was generated from these fees. Currently, not less than 50% of the revenue in the fund is deposited in the Indiana Recycling Promotion and Assistance Fund and not more than 50% in the

state Solid Waste Management Fund. For FY 2013, the state Solid Waste Management Fund received about \$2.67 M and the Recycling Promotion and Assistance Fund received about \$2.66 M.

Revenue from the \$0.10 per ton solid waste disposal fee for municipal waste could also decrease. Revenue from this fee was about \$1.07 M for FY 2013, and was deposited in the Environmental Management Permit Operation Fund.

Explanation of Local Expenditures: *Pay As You Throw Programs:* There could be initial costs to implement the programs, but they will vary due to programs that may be currently offered by local solid waste collecting units and could be offset by decreases in disposal costs. It is unknown how many local units are currently providing PAYT programs, but there were 173 communities (representing 28.8% of all communities in the state) with PAYT programs in 2006. Also, research indicates that implementing PAYT programs can lead to lower long-run solid waste system management costs for some communities. The fiscal impact will ultimately depend upon local circumstances.

Additional Information - The bill provides that the rules adopted by the Environmental Rules Board may allow solid waste collecting units to decide whether to impose fees for solid waste collection service on the basis of the number of containers used by a household to dispose of solid waste, or on the basis of the weight of the solid waste.

Explanation of Local Revenues: *Pay As You Throw Programs:* Counties, cities, and towns collecting solid waste could experience an increase in revenue from variable fees for solid waste as a result of the bill. However, as more solid waste is diverted, revenue from these fees could decrease. Also, current solid waste collection programs and their associated funding sources would likely be restructured in order to incorporate PAYT programs. The fiscal impact will depend upon local circumstances.

State Agencies Affected: Environmental Rules Board; Indiana Department of Environmental Management.

Local Agencies Affected: Solid waste collecting units; Solid waste management districts.

Information Sources: Indiana Department of Environmental Management web site; Indiana “Pay-As-You-Throw” Technical Assistance Project Final Report; *Indiana Handbook of Taxes, Revenues, and Appropriations*, Fiscal Year 2013; Auditor of State Data; Skumatz Economic Research Associates, Inc. Surveys, 2005-2006; Environmental Protection Agency web site; Skumatz Economic Research Associates, Inc., *Pay As You Throw (PAYT) in the US: 2006 Update and Analyses*, December 30, 2006.

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